

Message Text

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PAGE 01 LIMA 06033 261914Z

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ACTION ARA-10

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FM AMEMBASSY LIMA

TO SECSTATE WASHDC PRIORITY 0000

INFO AMEMBASSY TOKYO PRIORITY

C O N F I D E N T I A L LIMA 6033

E.O. 11652: GDS

TAGS: EIND, EMIN, BDIS, PE, JA

SUBJECT: MARCONA NATIONALIZATION - THE JAPANESE CONNECTION

REF: TOKYO 9670

1. JAPANESE DCM CALLED ON A/DCM JULY 25 TO DISCUSS RAMIFICATIONS OF MARCONA NATIONALIZATION ANNOUNCED JULY 24. JAPANESE OFFICIAL SAID THAT DURING VISIT OF PERUVIAN MINES MINISTER FERNANDEZ MALDONADO TO TOKYO EARLIER THIS MONTH, FERNANDEZ MALDONADO ASKED OFFICIALS OF NIPPON STEEL AND JAPANESE STEEL THEIR VIEWS ABOUT WORKING WITH A NATIONALIZED PERUVIAN IRON COMPANY. THE JAPANESE TOLD THE MINISTER THAT THEY WOULD BE PREPARED TO DEAL WITH THE PERUVIANS IF THE LATTER COULD GUARANTEE CONDITIONS SIMILAR TO THOSE OFFERED BY MARCONA. THE JAPANESE EMPHASIZED THAT THEIR INTEREST WAS STRICTLY COMMERCIAL. SUBSEQUENTLY, APPARENTLY AT THE PERUVIANS' REQUEST, THE TWO JAPANESE COMPANIES THEN SENT A TELEX TO THE MINISTRY OF ENERGY AND MINES HERE REPEATING THE STATEMENTS THEY HAD MADE VERBALLY TO THE MINISTER. THE JAPANESE DCM SPECULATED THAT THIS CABLE MAY HAVE BEEN USED BY THOSE URGING AN IMMEDIATE NATIONALIZATION TO JUSTIFY ACTION.

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PAGE 02 LIMA 06033 261914Z

2. JAPANESE DCM MADE THE FOLLOWING COMMENTS. FIRST, HE WAS SURPRISED BY STRIDENT TONE OF THE MINISTER'S SPEECH; SECONDLY, HE WONDERED IF COMPENSATION WILL BE PAID; AND THIRDLY, HE FORESEES CONTRACT PROBLEMS, SINCE ALL PREVAILING CONTRACTS WITH THE COMPANY ARE NOW VOID. HE ALSO SAID THAT THE LOCAL JAPANESE BUSINESS COMMUNITY IS UPSET BY THE MARCONA NATIONALIZATION SINCE THIS KIND OF ABRUPT ACTION WILL DISCOURAGE EVEN FURTHER ANY NEW INVESTMENT.

3. COMMENT: JAPANESE DCM WAS INFORMED YESTERDAY BY EMBASSY OFFICERS OF THE IMPENDING NATIONALIZATION OF MARCONA. WE SPECULATE THAT HE WAS UNDER INSTRUCTIONS TO CALL UPON US TODAY TO ASSURE US THAT THE JAPANESE DID NOT WORK BEHIND MARCONA'S BACK TO ENCOURAGE THE PERUVIANS TO NATIONALIZE. HE ALSO EMPHASIZED, HOWEVER, THAT JAPAN DEPENDS ON RAW MATERIALS FOR ITS SURVIVAL, AND THAT IF IT APPEARS THAT HIERROPERU IS A VIABLE CONCERN, IT IS POSSIBLE THAT THE JAPANESE WOULD DEAL WITH IT. WE WOULD APPRECIATE ANY FURTHER INFORMATION OR COMMENT EMBASSY TOKYO MAY HAVE ON JAPANESE VIEWS OF THE MARCONA NATIONALIZATION.
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